

# **Fiscal Year 2006 Amended and Fiscal Year 2007 Governor's Recommended Budget**



GEORGIA DEPARTMENT OF  
COMMUNITY HEALTH

Presentation to  
Joint Appropriations Committee  
January 17, 2006



# **FY 2006 Amended Budget** ***Governor's Recommendation***



## Medicaid Efficiencies (page 34, #2)

DCH Fund Sources per Governor's Recommendation  
(state funds in millions)

<b>Efficiencies</b>	<b>FY 2006</b>
<b>CMO Provider Fees</b>	<b>\$21.5</b>
<b>CMO Savings</b>	<b>\$11.6</b>
<b>Prior Year Surplus</b>	<b>\$157.2</b>
<b>Adjustment to FY 2006 Benefits Appropriation to reflect updated Medicaid projections</b>	<b>\$16.8</b>
<b>TOTAL</b>	<b>\$207.1</b>



## Hughes Spalding Management by Children's Healthcare of Atlanta (page 34, #3)

Contributor	Annual	One-Time
State of Georgia	FY06 - \$2,000,000 FY07 - \$3,750,000	-0-
Grady	\$2,000,000	-0-
Children's Healthcare of Atlanta	\$2,000,000	-0-
DeKalb County	\$125,000	\$250,000
Fulton County	\$375,000	\$750,000
City of Atlanta	-0-	\$50,000 -150,000*
TOTAL	FY06 - \$6,500,000 FY07 - \$8,250,000	\$1,050,000 to \$1,150,000
* Not definitive		



# Private Hospital Disproportionate Share Hospital (DSH) FY 2005 Payments (page 34, #4)

	Private Facility	Total Funds		Private Facility	Total Funds
1	Atlanta Medical Center	\$ 4,341,284	14	Flint River Community Hospital	\$ 622,154
2	Barrow Community Hospital	\$ 462,964	15	Hamilton Medical Center	\$ 1,702,407
3	Berrien County Hospital	\$ 449,097	16	Louis Smith Memorial Hospital	\$ 737,976
4	Chestatee Regional Hospital	\$ 1,313,920	17	Memorial Hospital of Adel	\$ 553,765
5	Children's Healthcare of Atlanta (Egleston)	\$ 5,477,238	18	Phoebe Worth Medical Center	\$ 1,367,361
6	Children's Healthcare of Atlanta (Scottish Rite)	\$ 2,540,408	19	Smith Northview Hospital	\$ 284,971
7	Cobb Memorial Hospital	\$ 1,863,633	20	South Fulton Medical Center	\$ 2,937,484
8	Crawford Long Hospital of Emory University	\$ 3,106,779	21	Southwest Hospital and Medical Center	\$ 1,173,922
9	Donalsonville Hospital, Inc.	\$ 979,408	22	Stewart Webster Hospital	\$ 424,499
10	East Georgia Regional Medical Center	\$ 976,861	23	Tattnall Community Hospital	\$ 915,603
11	Emory Dunwoody Medical Center	\$ 546,649	24	Taylor Regional Hospital	\$ 460,403
12	Emory Peachtree Regional Hospital	\$ 660,039	25	Walton Medical Center	\$ 688,629
13	Fairview Park Hospital	\$ 394,181	26	Wheeler County Hospital	\$ 720,945
<b>Total FY 2005 DSH Payments</b>					<b>\$35,702,580</b>
<b>Total FY 2005 DSH Payments (State)</b>					<b>\$14,123,941</b>



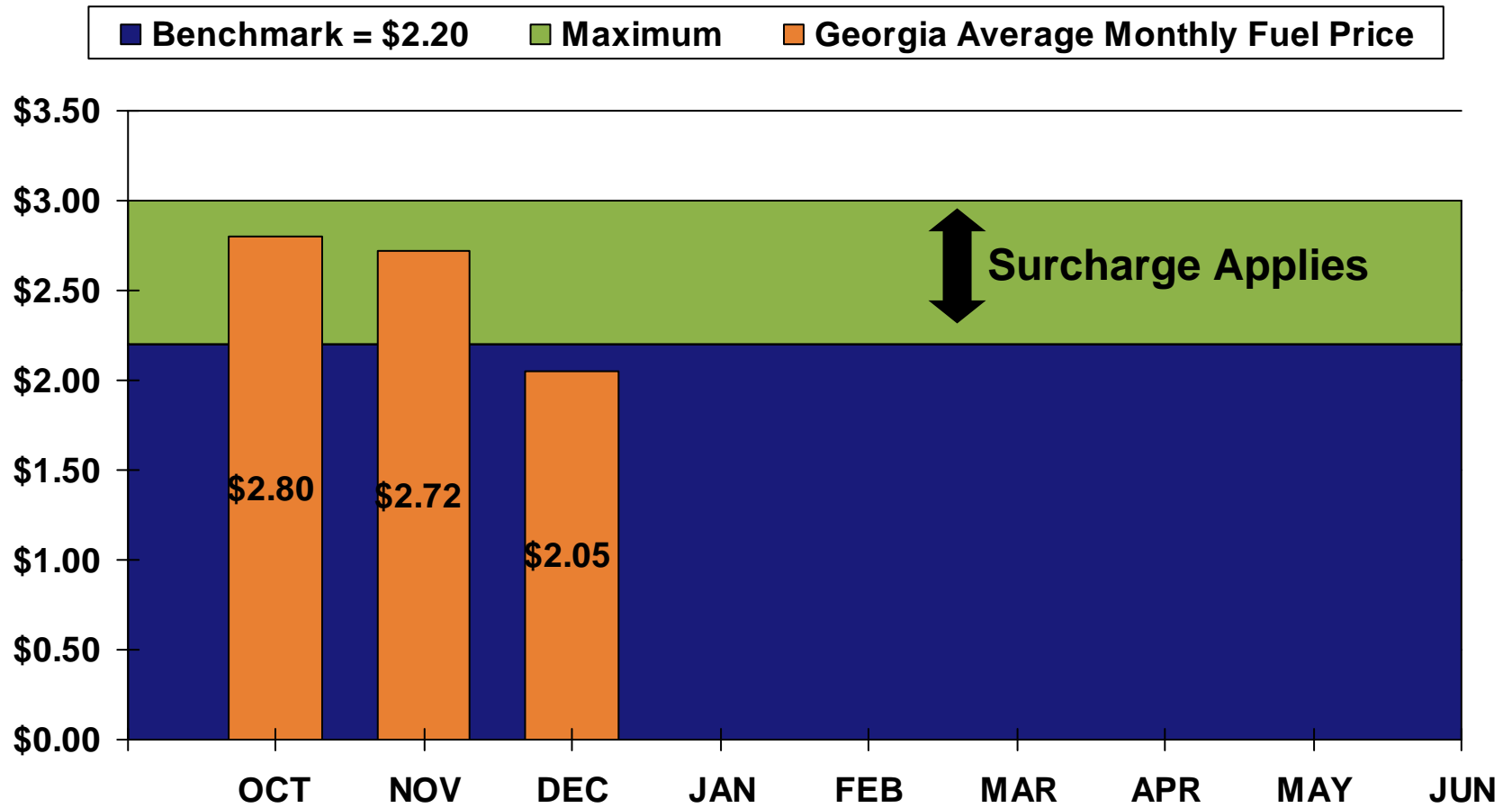
# Nursing Home Provider Revenue

(page 34, #6)

Base Period	Bed Days Subject to Provider Fee	Revenue @ \$9.15 per Day
Used for FY 2006 Appropriations	10,954,020	\$100,229,284
Bed Days per Most Recent Nursing Home Report	10,851,057	\$99,287,176
Difference	102,963	(\$942,108)



# Net Fuel Surcharge Payments (page 34, #9)





# Budget Summary

FY 2006 – **4.4%** Increase in Total Budget

Fund Type	FY06 Appropriation HB#85	FY06 Governor's Recommendation	Difference
<b>Total Funds</b>	<b>\$9,350,909,388</b>	<b>\$9,765,010,555</b>	<b>\$414,101,167</b>
<b>State Funds</b>	<b>\$2,201,858,248</b>	<b>\$2,240,485,249</b>	<b>\$38,627,001</b>
<b>Tobacco Funds</b>	<b>\$58,087,386</b>	<b>\$58,087,386</b>	<b>-</b>
<b>Indigent Care Trust Fund</b>	<b>\$148,828,880</b>	<b>\$167,059,344</b>	<b>\$18,230,464</b>
<b>Federal and Other Funds</b>	<b>\$6,942,134,874</b>	<b>\$7,299,378,576</b>	<b>\$357,243,702</b>

- ✓ Medicaid and Nursing Home Provider Fee --- **(\$292,067)** state funds reduction
- ✓ Health Care Access --- \$1,075 state funds increase
- ✓ Administration and Program Support --- \$1,382,283 state funds increase
- ✓ Indigent Care Trust Fund --- \$37,534,195 state funds increase (CMO Provider Fee and DSH Support)
- ✓ Attached Agencies - \$1,515 state funds increase





# **FY 2007 Budget**

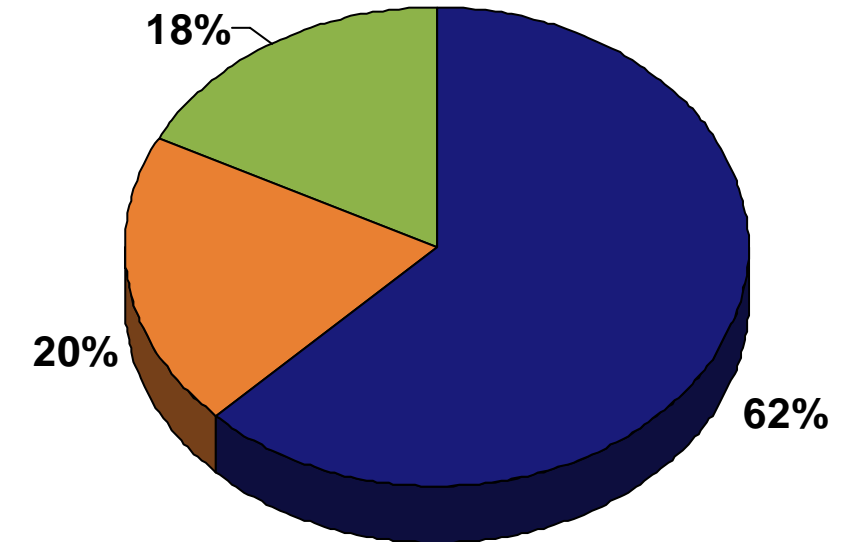
## ***Governor's Recommendation***



## Medicaid Continuation Growth (page 94, #5)

- **Expect Accrual Expense to be 9.1% higher in FY 2007 than in FY 2006**
- **DCH Cash Expense = \$221 million**
- **62% of increase driven by enrollment**
  - LIM and RSM biggest increase
  - Expect enrollment to continue growing by 5.7% in FY 2007
  - Does not consider long term impact of Hurricane Katrina
- **Utilization and Price growth smaller components**
  - Acuity Levels driving some utilization

**Cost Drivers - FY 2007 Medicaid Benefits**  
(Growth = \$221M\*)



\* STATE FUNDS

■ Enrollment   ■ Utilization   ■ Price



## Medicaid Efficiencies (page 94, #13)

DCH Fund Sources per Governor's Recommendation  
(state funds in millions)

<b>Efficiencies</b>	<b>FY 2007</b>
<b>CMO Provider Fees</b>	<b>\$145.5</b>
<b>CMO Savings</b>	<b>\$78.5</b>
<b>Prior Year Surplus</b>	<b>\$166.8</b>
<b>Change in Federal Financial Participation rate</b>	<b>\$60.6</b>
<b>TOTAL</b>	<b>\$451.4</b>



## Eligibility (page 94, #15)

PROPOSAL: Reduce Medicaid costs by eliminating self-declaration of income and implementing a centralized third-party verification of income and assets for both enrollment and re-enrollment.

- ✓ Proof of Income
- ✓ Proof of Citizenship
- ✓ Fraud & Abuse Control
- ✓ Use of external databases to validate eligibility
- ✓ Complements existing SUCCESS eligibility determination system

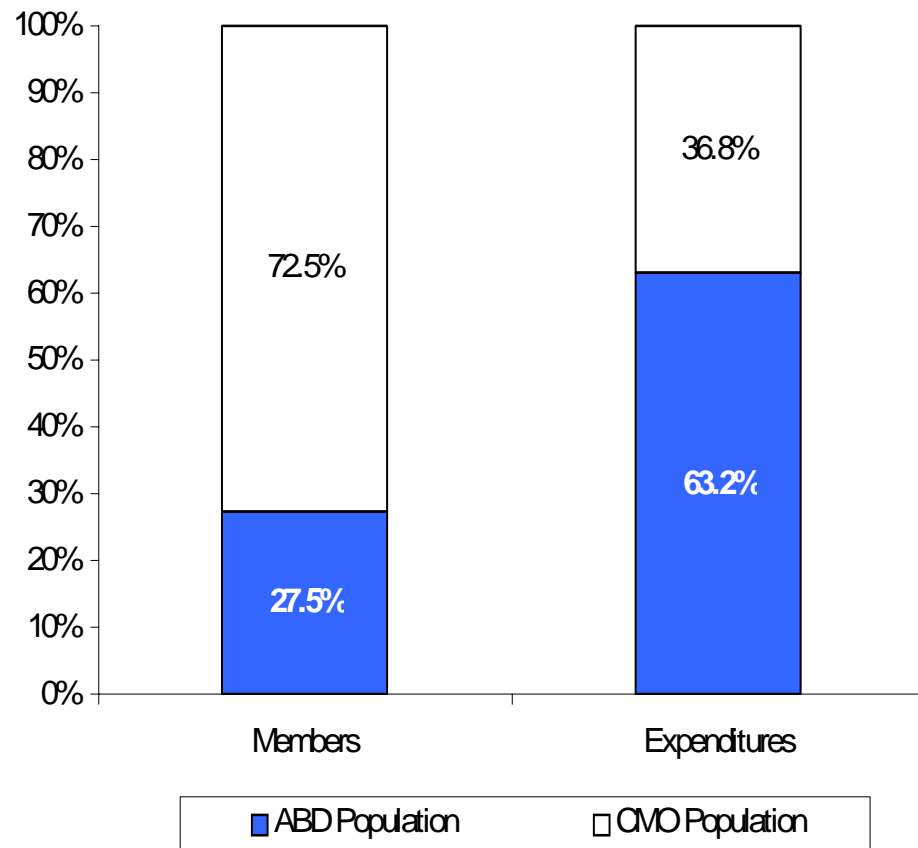


# Aged, Blind and Disabled (ABD) Management (page 94, #16)

## PROPOSAL:

- ✓ Procure Statewide vendors able to provide Clinical Management and Enhanced Fraud & Abuse Detection
- ✓ Focus on all members not in a CMO, including ABD members as well as medically fragile children and children in foster care.
- ✓ Proposal seeks to complement existing medical and social supports.

**27% of the Medicaid Population = 63% of the Expenditures**



*Data is based on FY 2005*



## Aged, Blind and Disabled (ABD) Management Clinical and Member Services (page 94, #16)

<b>PROPOSED: Clinical and Member Services</b>	<b>All Non-CMO Members</b>	<b>Select Non-CMO Members</b>
<b>Level of Care Determination</b>		<b>X</b>
<b>Utilization Review</b> (Prospective (i.e. Gatekeeping), Concurrent and Retrospective)		<b>X</b>
<b>Care Management</b> (Case Management and Disease Management)		<b>X</b>
<b>Nurse Call Line</b>	<b>X</b>	

### **Timeline:**

**February 2007 – RFP Release**

**October 2007 – Begin Clinical and Member Services**



# **Aged, Blind and Disabled (ABD) Management Fraud & Abuse (page 94, #16)**

## **Fraud & Abuse Surveillance and Prevention**

- **Targeted reviews**
  - By procedure
  - By category of service
  - By provider type
  
- **Clinical reviews**
  
- **Timeline:**
  - February 2007 – RFP Release
  - July 2007 – Begin Initiatives



# SHBP FY 2007 Projections BEFORE Governor's Recommendation (page 94, #25)

## REVENUE:

**Growth Projected at 1.8% with \$2.2 billion in collections**

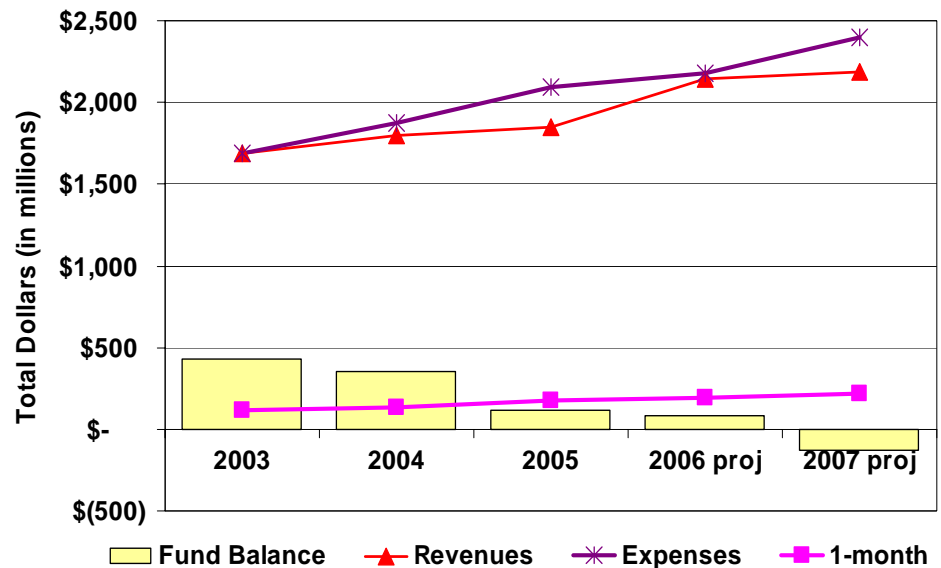
- Employer Share of revenue not premium based, but tied to Payroll

## EXPENDITURES:

**Growth Projected at 9.8% with \$2.4 billion in expenditures**

- Savings initiatives beginning in January 2006 are annualized for FY 2007, reducing typical, status quo growth of 12 – 15%

**Annual Deficit - \$211 million**



*In FY 2006, Employees pay 27.4% of Premiums*





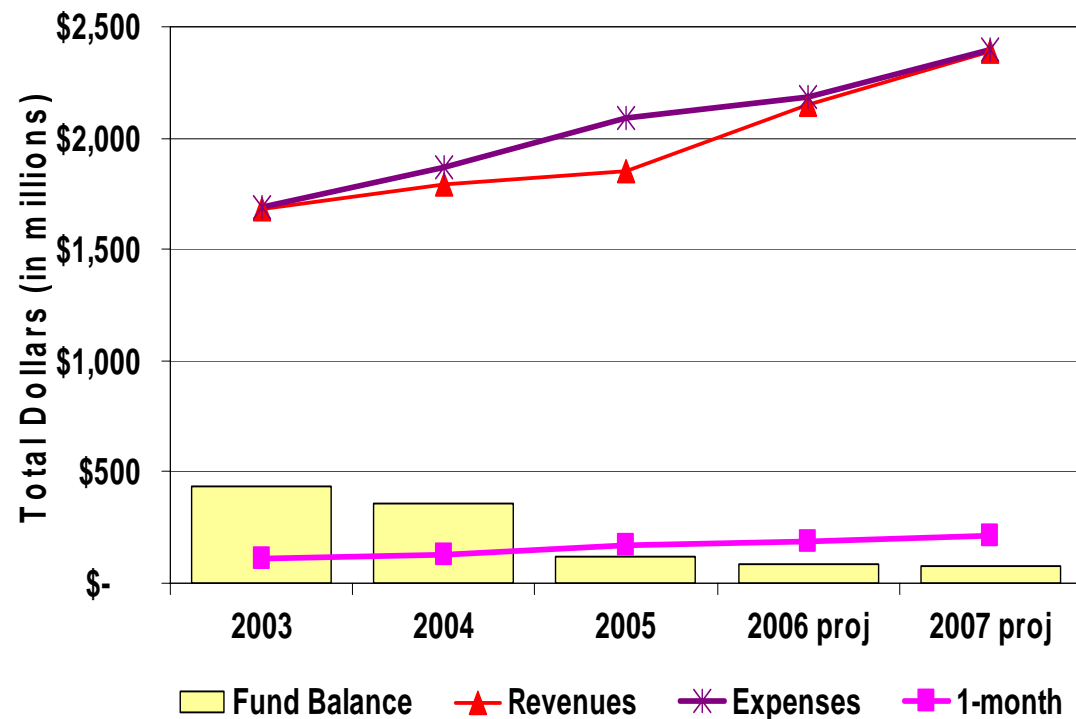
# SHBP FY 2007 Projections AFTER Governor's Recommendation (page 94, #25)

## REVENUE:

Growth at **11.4%** with \$2.4 billion in collections

Governor's Recommended budget for FY 2007 provides \$207 million in funds toward the premium

This covers the annual deficit (assuming the Legislative and Judicial branches provide the additional \$4M)



*In FY 2007, Employees would pay 25.1% of Premiums*



# Budget Summary

FY 2007 – **11.8%** Increase in Total Budget

Fund Type	FY06 Appropriation HB#85	FY07 Governor's Recommendation	Difference
<b>Total Funds</b>	<b>\$9,350,909,388</b>	<b>\$10,455,292,742</b>	<b>\$1,104,383,354</b>
<b>State Funds</b>	<b>\$2,201,858,248</b>	<b>\$2,332,920,531</b>	<b>\$131,062,283</b>
<b>Tobacco Funds</b>	<b>\$58,087,386</b>	<b>\$55,944,361</b>	<b>(\$2,143,025)</b>
<b>Indigent Care Trust Fund</b>	<b>\$148,828,880</b>	<b>\$160,737,322</b>	<b>\$11,908,442</b>
<b>Federal and Other Funds</b>	<b>\$6,942,134,874</b>	<b>\$7,905,690,528</b>	<b>\$963,555,654</b>

- ✓ Medicaid --- (\$19,021,976) state funds reduction
- ✓ Health Care Access --- \$63,066 state funds increase
- ✓ Administration and Program Support --- \$580,987 state funds increase
- ✓ Indigent Care Trust Fund --- \$149,250,635 state funds increase (CMO Provider Fee and DSH Support)
- ✓ Attached Agencies --- \$189,571 state funds increase